

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JULY 23, 1996
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on July 23, 1996 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Thomas Swaik and Kevin Lockhart, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:00 a.m. Member Cudmore moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Vickrey seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 1:15 p.m.

Member Browder moved **that the Board approve the minutes from the open and closed sessions of the June 18, 1996 regular meeting.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business was the Administrator's Report.

Administrator Belletire reported that Adjusted Gross Receipts ("AGR") for June 1996 totaled \$93.3 million, down almost 10 percent from May 1996 and down approximately 1.5 percent from the June 1995 level. The Administrator noted the considerable media (and industry) interest in the effect that Indiana's new casinos will have on Illinois riverboats. The Administrator believes the effect of the Indiana operations should be judged over the next several months, rather than the past few weeks. He does believe that there will be a visible effect on both the Joliet sites.

The Administrator next discussed a proposed seminar on the economic impact of riverboat gambling in Illinois. As noted last month, the Better Government Association, in cooperation with two university professors from Nevada, released a report that concluded riverboat gambling in Illinois was a "break even" proposition for the Illinois economy and a "losing" proposition for what the report labeled as local riverboat communities. The Administrator commented, at that time, on the methodological flaws in the analytical work of the report. Other entities have offered similar criticism of this report. The Board staff are also preparing an initial report on the economics of Illinois riverboat gambling. Staff propose a seminar for September 18, 1996. The seminar will afford the authors of various reports with a number of points of view to present their research. These proposals will be critiqued by other panelists of professionals. A lay panel will also discuss this topic.

Lastly the Administrator gave a fiscal year wrap-up. Casino Adjusted Gross Receipts topped \$1.215 billion -- an increase of 10.8 percent (\$118 million) over Fiscal year 1995 results. Paid admissions to Illinois riverboat casinos reached 25.8 million -- also a 10 percent increase over FY '95 totals.

During FY '96, a total of \$296 million was collected by the IGB in wagering and admission taxes and other receipts. The local share of these revenues is just over \$86 million, while the state's Education Assistance Fund will garner contributions of approximately \$197 million. Agency administrative costs of approximately \$12 million were also provided using these gaming receipts.

Member Pyatt commented that the seminar proposed is extremely important. Member Pyatt feels the duty of this Board is to produce a report and analysis as objectively and soundly as possible. Member Pyatt asked where the seminar will be held and would it be open to the public. Administrator Belletire responded that the location should accommodate a large public audience (200 or so) but, noted the seminar would not include an audience participation option.

The next order of business was Items Concerning Owner Licensees.

Patrick Dennehy, representing the Des Plaines Development Limited Partnership ("DDLPP"), d/b/a Harrah's Joliet Casino ("Harrah's"), requested renewal of their owner's license.

Mr. Dennehy stated that in 1992 the DDLPP proposed a riverboat operation for downtown Joliet. A special challenge facing the licensee was the negative perception of safety and security for the section of the city in which they proposed their site. Through the partnership of Harrah's and the City of Joliet they have overcome those initial obstacles. The site has been promoted as a casino location through marketing programs such as direct mail, promotions and social events. Waterfront improvements have also made it possible for families to gather and participate in special events sponsored by Harrah's throughout the year. Mr. Dennehy stated that all of the above indicates that safety and security is no longer an area of concern.

A licensee-produced video presentation illustrated the investments and the success Harrah's has enjoyed in the community of Joliet. Since 1992, Harrah's invested over \$75 million in Joliet land acquisition and construction of a 750 space parking garage across from their pavilion (Harrah's Landing). Harrah's currently has 37,000 square feet of gaming space and a 40,000 square foot pavilion.

Since opening, Harrah's has generated \$43.6 million in gaming tax revenue for the city of Joliet. They have funded capital improvement projects in the downtown City Center and the greater Joliet community. These funds have been invested in such things as: (1) construction and capital improvement projects on behalf of the city of Joliet; (2) the acquisition of land developed in the boat basin/pavilion site; (3) construction of a new fire station; (4) construction of the east river walk; and, (4) river wall and streetscape improvements.

Russ Slinkard, President & CEO of the Joliet Region Chamber of Commerce & Industry, boasts that Joliet receives 2.2 million visitors annually contributing to the area's economy. He stated that restaurant and hotel businesses are flourishing and creating new jobs.

Harrah's has donated in excess of \$400,000 to charitable organizations in Joliet and surrounding communities. Harrah's company and employees volunteer for many events to promote community responsibility and to improve the quality of life in Joliet and Will County.

Harrah's has created an initiative that teaches individuals about the consequences of underage gambling called Project 21. They have also created the first program to teach guests, employees and the public about and how to cope with problem gamblers. Operation Bet Smart creates awareness of gambling addictions and provides valuable information on how to get help. Harrah's also funded the St. Joseph Medical Center Gambling Treatment Program.

Harrah's feels the most positive impact they have realized exists in their employees. They currently employ over 2,000 persons, of which, 46 percent are Joliet residents, 67 percent are residents of Will County, and 98 percent are residents of Illinois. Their annual payroll exceeds \$35 million.

Senator Tom Dunn stated that Harrah's has done exactly what the riverboat gambling legislation envisioned. He also stated that Harrah's has brought a spirit to the city that previously had an unemployment rate of 26 percent. Senator Dunn feels that Harrah's has created a standard for any new business that comes to the community of Joliet. He concluded by stating that riverboat gambling has exhibited nothing short of a positive impact in the City of Joliet.

John Mezera, City Manager of Joliet, representing the Mayor and City Council, stated that Harrah's has been an excellent corporate citizen and fully supports their license renewal.

Bob Herrick, VP of Communications for the Will County Chamber & Center for Economic Development, stated that Harrah's senior management personnel serve on the boards of various community organizations. He further stated that Harrah's underwrites many events and the Harrah's operation has boosted the community's self-image. He fully supports the relicensure of Harrah's.

Larry LaCaff, President of Harrah's Riverboat and Indian Gaming Division, spoke about the honor of a strong alliance with the community in order to achieve great accomplishments in the communities in which Harrah's operates. Mr. LaCaff announced Harrah's newest program -- the Constellation Award. Awards, given annually, will celebrate the achievements of those who have made significant contributions to improve the quality of life in a community. The Harrah's Constellation Award recognizes those who are committed to creating civic opportunity and local economic development.

Mr. LaCaff also announced that Harrah's will build a \$45 million, 300 room hotel at its current Joliet site. The hotel is targeted for completion in the fourth quarter 1997.

Member Vickrey asked Mr. Dennehy to elaborate on the hotel project. Mr. Dennehy stated that their proposal is in the preliminary phases but the hotel tower is proposed to be built on the north lot of the Harrah's Joliet property.

Member Cudmore asked for the time frame in which the \$400,000 in charitable contributions were pledged. Mr. Dennehy stated that the contributions are cumulative to date.

Member Pyatt asked if the Constellation Award would be monetary. Mr. Dennehy stated that a \$2,500 donation will be made to a charity of the winner's choice.

Member Browder asked what percentage of Harrah's visitors come from out of state. Mr. Dennehy stated that 20% come from out of state, mostly Indiana. Member Browder asked who they propose will be the occupants for the new hotel. Mr. Dennehy stated that the hotel will allow the licensee to market to overnight businesses from other cities and states.

Member Vickrey asked the City Manager, John Mezera to comment on what infrastructure improvements have been attributed to gaming tax revenue. He also asked Mr. Mezera to explain what the city does to attract additional economic development in terms of manufacturing and other service sector related jobs. Mr. Mezera stated that the majority of the revenue is used for infrastructure improvements within the neighborhoods and major arterial streets. The city gives \$7 - \$10 million each year for work in neighborhoods such as improving the schools. Mr. Mezera stated that they also make a considerable investment in the port authority and have spent gaming taxes on interchange improvements. Mr. Mezera stated that the gaming taxes generated from riverboats allows the city of Joliet to free up corporate funds that the city in turn uses in support of major industrial parks.

The next order of business was the Empress renewal.

Administrator Belletire stated that in the past year staff conducted an audit in addition to the quarterly compliance audit and internal audit by the company itself. During the audit they detected a number of weaknesses such as cage procedures. The licensee has committed to making appropriate changes. Staff reviewed Empress' financial status and found it to be solid. The Administrator recommended Empress for a second one year renewal.

Member Browder asked Mr. Sabo, representing Empress Casino - Joliet, to comment on the company's trends and intentions with regard to charitable contributions. Mr. Sabo responded that the company hoped to increase the total amount contributed and to assure both large and small donations would be continued.

Member Pyatt asked what Empress can do to help develop the city of Joliet and Will County. Mr. Sabo stated the Empress Hotel will open August 2, 1996 and the company is concluding a strategic plan for the development of the additional 350 acres of property they own along Route 6.

Member Vickrey asked the City Manager about plans to develop the Joliet Arsenal and asked how he (Mr. Mezera) thinks both boats might benefit and participate. Mr. Mezera stated that the old Joliet Arsenal is approximately 23,000 acres and is located 13 miles south of Joliet on Rt. 53. Of that, 19,000 acres will stay in open space; 1,000 will be for a national cemetery; and, the final 3,000 acres will go to the two adjacent municipalities (Village of Wilmington and Village of Elwood) to develop into industrial parks. The state has set up a Board to assist with the economic development. Mr. Mezera stated that the development of this property will bring in

thousands of visitors and will provide an opportunity for both companies (Harrah's & Empress) to work with these communities.

Mr. Mezera also stated that the city of Joliet has discussed the opportunity to donate gaming tax revenues to the development of a water commission. The City of Joliet would provide the capital to rehabilitate the wells and initial site at the river providing water to the entire area. Mr. Mezera stated the water commission could then sell the water creating revenues for the project itself.

William Sabo concluded by requesting renewal of the Empress owner's license.

Member Vickrey moved **that the Board renew the Owner's license of Empress Riverboat Casino-Joliet for a period of one year commencing in July of 1996. In renewing the owner's license, the Board notes the following:**

- 1. Empress must continue to work with the Audit staff to correct deficiencies relating, in particular, to cage procedures and address other findings by the staff in a timely fashion.**
- 2. Empress must make further efforts to comply with its approved Internal Controls in the area of procurement procedures and must provide documentation to the staff evidencing such compliance.**
- 3. In addition, Empress must submit to the Board, a plan to promote and actively participate in economic development within Joliet and the greater Will County area over the coming year. While the business activities of the Empress have benefited the economy of the Joliet area, particularly through very high levels of procurement from local businesses, the company must take a more active role in enhancing specific economic development projects.**
- 4. Furthermore, the Board requests the continued cooperation of Empress in the conducting and financing of an economic impact analysis of gaming.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business was the Hollywood Casino Aurora, Inc. ("HCA") renewal.

Administrator Belletire stated that HCA had a history of complaints and fine actions but over the past year has worked hard to be in compliance with IGB regulation and company Internal Controls. Mr. Belletire commented that HCA's renewal submission was comprehensive, well organized and very responsive to the new

renewal format the Board is implementing. The Administrator recommended renewal of HCA.

Ed Pratt, representing HCA, requested renewal of their owner's license.

Member Vickrey stated that he read there was reconsideration of funding of the riverwalk by the city and asked for comment. Dick Knight, representing HCA, stated that there has been conversation that if the city revenues dipped that there would be some adjustment of funds -- there is nothing definitive at this time. Member Vickrey asked Mr. Knight to express to the city the Board's disappointment if the city chooses to cease funding.

Chairman Johnson asked if Indiana's operations have had an impact in Aurora. Mr. Knight stated that they are not sure to what degree the impact has been due to the construction in downtown Aurora and the recent floods to the area. Mr. Knight feels these events have impacted HCA more than Indiana.

Member Pyatt moved **that the Board renew the Owner's license of Hollywood Casino Aurora for a period of one year commencing in July of 1996. In renewing the Owners license, the Board notes the following:**

- 1. The Board requests that Hollywood continue to work with the Audit staff to correct deficiencies relating in particular to its cage procedures and to further revise its Internal Controls in accordance with the staff's recommendations.**
- 2. The Board notes that Hollywood should be commended for its exemplary cooperation with local economic development, tourism and municipal agencies to further the economic revitalization of the Aurora area; however, the Board requests that Hollywood make further efforts to patronize Illinois businesses, particularly in the area of contractual services.**
- 3. The Board requests the continued cooperation of Hollywood in the conducting and financing of an economic impact analysis of gaming.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the Board approve James A. Colquitt as a key person of Hollywood Casino Corporation.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business was the renewal of Casino Queen, Inc.

Charles Bidwill III and Ed Duffy of Casino Queen, Inc. announced that on July 22, 1996, Casino Queen agreed to acquire title to property owned by South Western

Illinois Development Authority (“SWIDA”). Casino Queen proposes to develop a hotel, an entertainment center, and an RV Park on the land, investing at least \$35 million. They also plan to expand their visitors center, as well as, develop a landscaping program for areas apart from their property. The project will create 350 new construction jobs and 300 permanent jobs at the Casino Queen site. The project should generate approximately \$2 million in additional taxes for the local area.

Mr. Duffy further announced that Casino Queen will work with SWIDA creating a \$6.9 million fund over the next 20 years to foster additional economic development beyond the site of the Casino Queen.

Administrator Belletire stated that an internal and compliance audit was conducted of Casino Queen. Some deficiencies were noted but Casino Queen responded to them comprehensively. He also observed that cruising efforts of the Casino Queen has been an issue over the past three years. Of late, staff has seen an improvement in cruising percentages. Mr. Belletire stated that due to their location a majority of their procurement is in the local (Missouri) economy rather than Illinois. This along with Casino Queen’s purchasing procedures causes the staff some concern.

Chairman Johnson stated that staff had extensive criticism of purchasing procedures and contract administrative procedures. He asked what has happened internally to ensure improvements are made in this area. Mr. Bidwill stated that they have hired a new purchasing manager who has a strong purchasing background. Mr. Bidwill further commits to review this issue and improve in this area.

Member Cudmore asked Casino Queen why they chose the term “Entertainment Center”. Mr. Duffy stated that the facility is designed to serve multi-purposes. The facility will allow them to attract smaller convention business, indoor sporting events, small circus’, concerts and annual entertainment options. The center is projected to seat 500 - 700 patrons. Also, by constructing a hotel they will encourage people to come and spend the evening. By doing so they need to provide other entertainment opportunities.

Chairman Johnson asked Brian Gold, an attorney representing SWIDA, to comment on the SWIDA Agreement. Mr. Gold expressed SWIDA’s gratitude to Mr. Belletire and staff for helping them get through this fourteen month long process. He also stated the four Agreements entered into with Casino Queen are an historic announcement and they are very pleased with the development.

Representatives of Casino Queen requested IGB approval of the proposed land purchase from SWIDA.

Member Pyatt moved **the Board waive the two meeting rule to consider the issue**. Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board approve the land purchase from SWIDA, subject to the Administrator's final review an approval of the purchase of land and related development agreements in their final form.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Cudmore moved **that the Board renew the owner's license of Casino Queen for one year commencing in July of 1996. In renewing the owner's license, the Board notes the following:**

- 1. The Board commends Casino Queen for its recent \$35 million commitment to develop and expand certain property in the City of East St. Louis currently owned by the South Western Illinois Development Authority.**
- 2. Casino Queen must continue to work with the audit staff to correct deficiencies noted by the staff and make further efforts to assure that its procurement procedures are in conformity with the approved Internal Controls.**
- 3. Casino Queen must improve the effectiveness of its Community Development Foundation to provide a more focused charitable agenda.**
- 4. Casino Queen must also make further efforts to patronize Illinois businesses, particularly in the area of food and beverage products.**
- 5. Lastly, the Board requests the continued cooperation of Casino Queen in the conducting and financing of an economic impact analysis of gaming.**

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business was the renewal of HP, Inc.

Kevin Larson, representing HP, Inc., gave a status report of the operation in East Dubuque. He stated that the management contract with Aerie Hotels & Resorts was terminated on June 28, 1996. A new management team was created -- Kevin Larson as President & COO and Michael Liebert as General Manager of the Silver Eagle. Mr. Larson stated that he will be responsible for advertising, marketing, and promotional strategy development. Mr. Liebert will be responsible for execution of marketing initiatives.

Mr. Larson stated that HP has assessed their position in the marketing area and will focus future efforts in the following areas:

1. To focus and primarily target individuals who live within 50 miles of the property.

2. To deliver a consistent advertising message that emphasizes the fact that they are marketing a casino and not a cruise ship.
3. To develop, maintain and publicize a monthly calendar of promotional events.
4. To attempt to revitalize some of the more profitable relationships with tour operators in Illinois and Wisconsin.
5. To actively involve employees in both the planning and execution of marketing strategies.

Mr. Larson expressed confidence that Silver Eagle will be able to return to profitability.

Mr. Larson updated the Board on the dredging activity currently undertaken in cooperation and with the guidance of the US Fish and Wildlife. On June 29, 1996, HP entered into a contract with Fretress Lake Marine Center, Inc. to dredge material designated for removal by Fish & Wildlife. Work began earlier in the month but is temporarily suspended due to high river levels.

Mr. Larson requested renewal of their owner's license as well as Board approval for several financial transactions HP, Inc. feels indicate the resolve of ownership to strengthen the financial position of the license in East Dubuque. Mr. Larson requested approval of the following:

1. A series of transactions whereby shareholder Donald Flynn has or will provide funding for the corporation in return for additional common stock and options to increase his percentage of ownership in HP, Inc.
2. A vessel purchase agreement, under which HP, Inc. will sell the Silver Eagle vessel to HP of Indiana, Inc.
3. Shareholder advances made on June 30, 1996 by shareholder's Pedersen and Heytow.
4. Agreements under which certain shareholder's of HP, Inc. will assure the company of cash to meet operating shortfalls and debt service requirements, as they may arise over the term of the license renewal period.

Mr. Larson stated that the proposed transactions indicate that the shareholders and owners commit to maintain the license as a viable business enterprise in East Dubuque.

Administrator Belletire stated that staff is not prepared at this time to recommend renewal. He stated that Kevin Larson has been very responsive to staff concerns and the staff find each of the transactions mentioned above, excluding the vessel replacement, legally acceptable and recommend the Board to consider approval.

Administrator Belletire further stated that licensure hinges upon a fragile financial future. Staff does not believe that HP, Inc.'s estimated revenues of \$13 - \$14 million can be achieved. At the request of staff the licensee prepared cash flow projections on the basis of 50% of projected monthly revenues. Staff found the projections still create an operating deficit of approximately \$1.5 million over the next 12 months. Staff does not believe there is a sufficient basis to cover all operating expenses, let alone debt service obligations.

Mr. Belletire recommends further deliberations so staff can work with HP to arrive at mechanisms by which deficits will be covered with certainty. The Board needs assurances that bills will be made on time, that payrolls and debt service obligations will be met under realistic financial projections. Mr. Belletire suggested a two or three day deferral of action by the Board would allow staff to complete its work with HP, Inc.

Chairman Johnson stated the Board will call a special telephone meeting the morning of July 29, 1996. The Board will further evaluate the renewal application pending actions the licensees takes as a result of the Board actions here today.

Member Vickrey moved **that the Board approve HP, Inc.'s issuance of an option to Donald Flynn to acquire 5% of HP's outstanding stock.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Cudmore moved **that the Board approve the agreement between HP and Donald Flynn pursuant to which Mr. Flynn will acquire from HP newly issued shares of common stock constituting 40% of HP's equity.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board approve the agreement between HP, Inc. and Donald Flynn pursuant to which Donald Flynn will obtain an option to acquire a 12½ percent interest in HP, Inc. in exchange for a loan of up to a total of \$5 million for the leasing of a replacement vessel and other possible expenses.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Cudmore moved **that the Board approve the issuance of the loan from Gene Heytow and Peer Pedersen in the amount of approximately \$1 million to HP, Inc. for the payment of a debt obligation under HP's loan agreement with Bank of America.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Member Cudmore moved **that the Board approve the sale of the Silver Eagle vessel to HP of Indiana. This approval is contingent upon the following two conditions:**

1. **The approval of a replacement vessel by the Board; and,**
2. **Evidence to the Board that the replacement vessel is operational in Illinois prior to the substitution of the existing vessel.**

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Michael Ficaro, representing Southern Illinois Riverboat Casino Cruises, Inc., requested approval of Victor R. Weclaw as Casino Manager.

Member Cudmore moved **that the Board approve Victor R. Weclaw as a Level 1 occupational licensee for SIRCC.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Suzanne Saxman, representing Empress Casino - Joliet, requested a favorable Appeal of their Late Tax Payment Penalty.

Mareille' Cusack stated that staff analysis has determined there was not an adequate basis for reasonable cause and recommends the appeal be denied.

Member Pyatt moved **that the Board deny the late payment tax penalty appeal submitted by Empress Casino - Joliet.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Supplier Licensees.

Michael Ficaro, Representing IGT, requested renewal of their supplier's license.

Member Browder moved **that the Board approve IGT's application for renewal of its Supplier's License. This license is issued for a four year period expiring July, 2000.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Larry Speiser, representing Paul-Son Gaming Supplies, Inc., requested approval of their supplier's license and approval of Kirk Scherer as Chief Financial Officer.

Member Vickrey moved **that the Board approve Paul-Son Gaming Supplies, Inc.'s application for renewal of its Supplier's License. This license is issued for a four year period expiring July, 2000.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board approve Kirk Scherer as a Key Person of Paul-Son Gaming Supplies, Inc.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

John Breeding, representing Shufflemaster, Inc., requested approval of their Supplier's license. Mr. Breeding praised staff members Paul Ponzo and Timothy Zych for their professionalism while investigating the company.

Member Pyatt moved **that the Board approve Shuffle Master's application for an initial Supplier's license to supply the automatic card shuffling system, and the Let It Ride stud poker table game lay out. This license is issued for a period of one year expiring July, 1997.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Occupational Licensees.

Member Browder moved **that the Board approve 168 applications for an Occupational License, Level 2, and 420 applications for an Occupational License, Level 3, and deny 1 application for an Occupational License, Level 2, and 4 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Administrative Hearings/ALJ Reports.

Member Browder moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendations of the Administrative Law Judge and revoke the license of Wally Jimenez as well as deny Jimenez's subsequent application for an occupational license.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Complaints and Disciplinary Action.

Member Browder moved **that the complaint for disciplinary action against HP, Inc. be issued and that HP be fined in the amount of \$10,000. The complaint involves HP's failure to notify and obtain Board approval prior to issuing an option to purchase a 5% equity interest in the company, and the issuance of a loan in the amount of approximately \$1 million to HP, Inc. without prior Board notification or approval.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Jason Williams be issued and that his license be revoked. The complaint involves Williams attempt to misappropriate a patron's credit card numbers.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Eduardo Velasquez be issued and that his license be revoked. The complaint involves Mr. Velasquez' possession of firearm ammunition at the Hollywood**

Casino. Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against James McDaniel be issued and that his license be revoked. The complaint involves Mr. McDaniel's ineligibility to possess an occupational license due to his criminal history.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Board Policy Discussion Items.

Administrator Belletire gave a status report on the issue of required maintenance schedules for riverboat vessels. He stated that staff feels the safety issues and legitimate long term planning issues justify that certain types of vessel maintenance should be addressed in a way that allows licensees to continue to conduct gaming while a vessel remains dockside. He further stated that staff believes it to be appropriate to consider a mechanism by which licensees can petition the Board for a waiver of existing requirements that allow only emergency repairs.

Member Vickrey moved **the Board adopt the following resolution:**

WHEREAS the Board recognizes the need for riverboat gaming operations to comply with United States Coast Guard requirements;

WHEREAS the Board desires to maximize passenger safety during gaming excursions;

WHEREAS the Board recognizes that planned major maintenance of a riverboat will maximize passenger safety and compliance with United States Coast Guard requirements;

WHEREAS the Board recognizes that planned major maintenance of a riverboat will greatly decrease repairs necessary due to unforeseeable mechanical or structural difficulties; and

WHEREAS Board Rule 3000.510 does not allow for dockside gaming when planned major maintenance is scheduled;

NOW THEREFORE BE IT RESOLVED that the Board permit owner licensees to seek waivers to Board Rule 3000.510 so as to permit dockside gaming for a set and limited time period while planned preventive maintenance is performed on a riverboat's engines, generators, bow thrusters or paddle wheels, propellers and drive trains. Requests for such waivers must be accompanied by a pre-set plan of maintenance that assures necessary parts, labor and equipment are available so as to guarantee the timely completion of the maintenance.

In ruling on a waiver request, the Board will consider:

1. the work plan and time frame requested;

- 2. evidence that the riverboat must remain dockside for the planned maintenance to be completed;**
- 3. the efforts made by the owner licensee to perform the planned maintenance during times when the riverboat is normally docked due to inclement weather; and**
- 4. the cruising record of the requesting licensee.**

Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator Belletire gave a status report on ATM, Credit and Cash Advances. Representatives of the owner licenses are working with staff to provide information on two issues that are of concern to the Board. The first is the cost of accessing ATM's and credit card advances. Staff is trying to pin down what the competing businesses (such as banks) charge. Secondly, Administrator Belletire pointed out that Chairman Johnson was correct in stating there are no boats that charge for cashing checks. There are some vendors who charge a fee to the owner licensee for the purpose of covering the check but the fee is not passed on to the patron.

Chairman Johnson stated that he has a hard time reconciling that the owner does not charge for extending credit while charging a fee for the usage of an ATM machine or credit card advance. He feels there should be a parity. He would like to know if there is some way to limit an individual requesting an advance when there is no record of prior transactions. The Chairman asked staff to investigate what options are available to limit the availability of credit for which the casino operators cannot physically keep track of the credit granted -- both with ATM withdrawals and credit card advances. Member Cudmore stated that he would like to see the different levels of fees being charged for different types of transactions. Both members Cudmore and Browder concur with the Chairman's concerns.

A further report from staff is to be provided at a future Board meeting.

On other business, Administrator Belletire stated that William Eder, head of the Background Investigative Unit, is returning to his previous assignment at the Illinois Department of Revenue, effective August 1, 1996. The Administrator stated that Bill was an original staff member and his leaving will be a loss to the Board. Chairman Johnson expressed the Board's appreciation for Mr. Eder's hard work and dedication over the past six years.

There being no further business to come before the Board, Member Cudmore moved that the Board stand adjourned. Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 3:37 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board